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# **The Strand Theatre of Shreveport Corporation**

## **Financial Statements Years Ended May 31, 2001 and 2000**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 12/5/01



# **The Strand Theatre of Shreveport Corporation**

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**Financial Statements**  
**Years Ended May 31, 2001 and 2000**

# **The Strand Theatre of Shreveport Corporation**

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### **Independent Auditors' Report**

The Executive Committee  
The Strand Theatre of Shreveport Corporation  
Shreveport, Louisiana

We have audited the accompanying statements of financial position of The Strand Theatre of Shreveport Corporation (a nonprofit organization) as of May 31, 2001 and 2000, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Strand Theatre of Shreveport Corporation as of May 31, 2001 and 2000 and the results of its activities and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated August 22, 2001 on our consideration of The Strand Theatre of Shreveport Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts.

*Robertson, Bailes & McClelland, LLP*

August 22, 2001



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# The Strand Theatre of Shreveport Corporation

## Statements of Financial Position

<i>May 31,</i>	<b>2001</b>	<b>2000</b>
<b>Assets</b>		
<b>Current assets:</b>		
Cash (Notes 1 and 8)	\$ 65,479	\$ 294,050
Rental income receivable	3,064	5,666
Grants receivable	15,651	11,757
Other receivables	-	5,000
Prepaid expenses	26,215	37,334
Total current assets	<b>110,409</b>	353,807
Property and equipment, net (Note 2)	<b>4,997,699</b>	5,147,018
	<b>\$5,108,108</b>	\$5,500,825
<b>Liabilities and Net Assets</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 52,990	\$ 31,648
Current maturities of long-term debt (Note 3)	3,499	2,744
Deferred revenue	71,771	112,063
Total current liabilities	<b>128,260</b>	146,455
Long-term debt, less current maturities (Note 3)	<b>2,285</b>	5,319
Total liabilities	<b>130,545</b>	151,774
Net assets – unrestricted	<b>4,977,563</b>	5,349,051
	<b>\$5,108,108</b>	\$5,500,825

*See accompanying summary of accounting policies and notes to financial statements.*

# The Strand Theatre of Shreveport Corporation

## Statements of Activities

<i>Years Ended May 31,</i>	<b>2001</b>	<b>2000</b>
<b>Changes in unrestricted net assets:</b>		
<b>Support and revenues:</b>		
Ticket sales	<b>\$344,537</b>	<b>\$348,341</b>
Other income	<b>116,464</b>	<b>156,662</b>
Fund raising	<b>114,214</b>	<b>221,438</b>
Business sponsorships	<b>111,000</b>	<b>111,500</b>
Grants for program services	<b>76,678</b>	<b>88,438</b>
Program advertising	<b>20,877</b>	<b>18,344</b>
<b>Total support and revenues</b>	<b>783,770</b>	<b>944,723</b>
<b>Expenses:</b>		
<b>Program services and theatrical:</b>		
Artist fees	<b>247,160</b>	<b>284,186</b>
Advertising	<b>89,065</b>	<b>70,996</b>
Part-time wages	<b>65,187</b>	<b>61,076</b>
Printing	<b>14,187</b>	<b>12,469</b>
Production cost	<b>13,062</b>	<b>11,784</b>
Payroll taxes and benefits	<b>7,253</b>	<b>7,190</b>
Box office	<b>4,612</b>	<b>7,657</b>
Security	<b>2,631</b>	<b>1,553</b>
Miscellaneous	<b>1,553</b>	<b>1,660</b>
Bank fees	<b>1,244</b>	<b>628</b>
<b>Total program services and theatrical expense</b>	<b>445,954</b>	<b>459,199</b>

*(Continued)*

# The Strand Theatre of Shreveport Corporation

## Statements of Activities (Concluded)

<i>Years Ended May 31,</i>	<b>2001</b>	<b>2000</b>
<b>Supporting services:</b>		
<b>Management and general:</b>		
Salaries and wages	\$ 211,804	\$ 194,543
Depreciation	151,814	151,995
Occupancy expense	112,071	119,312
Payroll taxes and benefits	41,933	41,207
Insurance	34,953	47,988
Professional fees	31,000	13,506
Office supplies and equipment	21,662	18,815
Telephone	14,237	18,372
Miscellaneous	11,769	1,234
Postage	11,308	11,954
Conferences and travel	6,253	6,070
Dues and subscriptions	4,201	10,824
Interest	1,100	587
<b>Total management and general expense</b>	<b>654,105</b>	<b>636,407</b>
<b>Fund raising:</b>		
Miscellaneous	36,083	2,930
Friends expense	19,116	11,729
<b>Total fund raising expense</b>	<b>55,199</b>	<b>14,659</b>
<b>Decrease in net assets</b>	<b>(371,488)</b>	<b>(165,542)</b>
<b>Net assets, beginning of year</b>	<b>5,349,051</b>	<b>5,514,593</b>
<b>Net assets, end of year</b>	<b>\$4,977,563</b>	<b>\$5,349,051</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# The Strand Theatre of Shreveport Corporation

## Statements of Cash Flows

<i>Years Ended May 31,</i>	<b>2001</b>	<b>2000</b>
<b>Cash Flows From Operating Activities:</b>		
Decrease in net assets	<b>\$ (371,488)</b>	<b>\$ (165,542)</b>
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation	<b>151,814</b>	<b>151,995</b>
Gain on sale of assets	<b>(207)</b>	<b>-</b>
Change in operating assets and liabilities:		
Rental income receivable	<b>2,602</b>	<b>(1,627)</b>
Grants receivable	<b>(3,894)</b>	<b>4,216</b>
Other receivables	<b>5,000</b>	<b>(5,000)</b>
Prepaid expenses	<b>11,119</b>	<b>(46)</b>
Accounts payable and accrued expenses	<b>21,342</b>	<b>(22,173)</b>
Deferred revenue	<b>(40,292)</b>	<b>108,788</b>
<b>Net cash provided by (used in) operating activities</b>	<b>(224,004)</b>	<b>70,611</b>
<b>Cash Flows From Investing Activities:</b>		
Expenditures for property and equipment	<b>(10,574)</b>	<b>(11,904)</b>
Proceeds from sale of assets	<b>8,286</b>	<b>-</b>
<b>Net cash (used in) investing activities</b>	<b>(2,288)</b>	<b>(11,904)</b>
<b>Cash Flows From Financing Activities:</b>		
Payments on long-term debt	<b>(2,279)</b>	<b>(3,712)</b>
<b>Net cash (used in) financing activities</b>	<b>(2,279)</b>	<b>(3,712)</b>

*(Continued)*



# The Strand Theatre of Shreveport Corporation

## Statements of Cash Flows (Concluded)

<i>Years Ended May 31,</i>	<b>2001</b>	<b>2000</b>
Net increase (decrease) in cash	<b>(228,571)</b>	54,995
Cash, at beginning of year	<b>294,050</b>	239,055
Cash, at end of year	<b>\$ 65,479</b>	\$294,050

*See accompanying summary of accounting policies and notes to financial statements.*

# **The Strand Theatre of Shreveport Corporation**

## **Summary of Accounting Policies**

### **Business**

The Strand Theatre of Shreveport Corporation (the "Strand") is a nonprofit corporation organized under the laws of the State of Louisiana. The Strand was incorporated September 17, 1976 and operates primarily to provide live entertainment attractions for Shreveport and the surrounding community and to promote the performing arts.

Substantially all of The Strand's revenue is from the sale of admissions to the Strand sponsored events, fundraising and sponsorships, rentals and grant income.

### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates. Significant estimates in the financial statements are as follows: depreciation of property and equipment.

### **Method of Accounting**

The financial statements of the Strand have been prepared utilizing the accrual basis of accounting.

### **Revenue Recognition**

Unrestricted contributions and grants are recognized as revenue in the periods in which the donation is received or the grant is due and payable to the Strand.

### **Contributed Services**

The Strand receives donated services from many unpaid volunteers who donate their time and perform a variety of tasks that assist the organization. No amounts have been recognized in the accompanying statements of activities because the criteria for recognition of such volunteer efforts under SFAS No. 116 has not been satisfied.

# **The Strand Theatre of Shreveport Corporation**

## **Summary of Accounting Policies**

<b>Concentrations of Credit Risk</b>	The Strand serves as a limited geographic area. Due to the nature of its operations, the Strand is dependent upon the local community and the health of the local economy in which it operates.
<b>Property and Equipment</b>	Property and equipment are stated at cost, or if donated, at the fair market value at the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years.
<b>Deferred Revenue</b>	Deferred revenue consist of ticket sales and payments received in advance for theatrical productions to be performed in the following fiscal year.
<b>Collective Bargaining Agreement</b>	Approximately 46% of wages paid by the Strand are covered by a collective bargaining agreement. The agreement sets wage rates for various job classifications along with other terms and conditions and is effective through December 14, 2002.
<b>Income Taxes</b>	The Strand is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and exempt from state income tax under appropriate provisions in the laws of the State of Louisiana. Therefore no provision for income taxes has been made in the financial statements. The Strand is not a private foundation within the meaning of Section 509(a) and there was no unrelated business income for the years ended May 31, 2001 and 2000.
<b>Statements of Cash Flows</b>	For purposes of the statements of cash flows, the Strand considers all cash in bank accounts and highly liquid debt instruments purchased with original maturities of three months or less, to be cash equivalents.

# The Strand Theatre of Shreveport Corporation

## Notes to Financial Statements

**1. Cash** Included in cash as of May 31, 2001 and 2000 are interest bearing accounts totalling \$65,479 and \$294,050, respectively.

**2. Property and Equipment** Major classes of property and equipment consist of the following:

	2001	2000
Land	\$ 96,000	\$ 96,000
Theatre and improvements	5,096,729	5,096,729
Theatrical equipment	157,497	155,209
Office furniture and equipment	64,435	64,435
	5,414,661	5,412,373
Less accumulated depreciation	416,962	265,355
Net property and equipment	\$4,997,699	\$5,147,018

**3. Long-Term Debt** Long-term debt consist of the following:

	2001	2000
5% note payable to bank due in monthly installments of \$307 including interest through November, 2001 collateralized by real estate	\$5,784	\$8,063
Less current maturities	3,499	2,744
Long-term debt	\$2,285	\$5,319



# **The Strand Theatre of Shreveport Corporation**

## **Notes to Financial Statements (Concluded)**

- |   |  |
|---|--|
| <b>3. Long-Term Debt<br/>(continued)</b>      | <p>The aggregate maturities of long-term debt maturing in each of the next two years are as follows: 2002 - \$3,499; 2003 - \$2,285.</p> <p>Interest expense was \$1,100 and \$587 for the years ending May 31, 2001 and 2000, respectively.</p>   |
| <b>4. Operating Lease</b>                     | <p>The Strand leases part of their administrative offices to another non-profit entity. Future lease rentals are as follows: 2002 - \$14,274; 2003 - \$2,418. These amounts may not be collectable in their entirety.</p>  |
| <b>5. Employee Benefit Plan</b>               | <p>Hourly employees of the Strand who belong to the International Alliance of Theatrical Stage Employees union are covered under the IATSE National Benefit Funds pension plan. The Strand made regular contributions to the plan equal to 6% and 5% of the employees gross wages for the periods ended May 31, 2001 and 2000, respectively. Total contributions for the periods ended May 31, 2001 and 2000 were \$9,272 and \$7,482, respectively.</p> |
| <b>6. Related Party Transactions</b>          | <p>The Strand paid professional fees to a partnership of which a board member is a partner. Total payments for the years ended May 31, 2001 and 2000 were \$4,120 and \$7,576, respectively.</p>   |
| <b>7. Major Customers and Suppliers</b>       | <p>The Strand had no one customer during the years ended May 31, 2001 and 2000 that accounted for 10% or more of total revenue. The Strand had no one supplier during the years ended May 31, 2001 and 2000, which accounted for 10% or more of total purchases.</p>   |
| <b>8. Supplemental Cash Flows Information</b> | <p>At May 31, 2001, total cash consisted of the following: \$2,550 in petty cash, \$70,146 in demand deposits subject to FDIC insurance limits of \$100,000, and \$17,963 in a money market fund. These amounts do not reflect any adjustment for checks issued which have not yet cleared the bank.</p>   |



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**Independent Auditors' Report on Compliance  
Based on an Audit of Financial Statements  
Performed in Accordance with  
Government Auditing Standards**

The Executive Committee  
The Strand Theatre of Shreveport Corporation  
Shreveport, Louisiana

We have audited the financial statements of The Strand Theatre of Shreveport Corporation as of and for the year ended May 31, 2001 and have issued our report thereon dated August 22, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

Compliance with laws, regulations and contracts applicable to The Strand Theatre of Shreveport Corporation is the responsibility of The Strand's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Strand's compliance with certain provisions of laws, regulations and contracts. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information of the board of directors, executive committee, management and the Louisiana State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Robertson, Bailes & McClelland LLP*

August 22, 2001



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**Independent Auditors' Report on Internal  
Control Structure Based on an Audit of  
Financial Statements Performed in Accordance  
with Government Auditing Standards**

The Executive Committee  
The Strand Theatre of Shreveport Corporation  
Shreveport, Louisiana

We have audited the financial statements of The Strand Theatre of Shreveport Corporation as of and for the year ended May 31, 2001 and have issued our report thereon dated August 22, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of The Strand Theatre of Shreveport Corporation is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with auditing principles generally accepted in the United States of America. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing our audit of the financial statements of The Strand Theatre of Shreveport Corporation as of and for the year ended May 31, 2001 we obtained an understanding of the internal control structure. With respect to the internal control



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The Executive Committee  
The Strand Theatre of Shreveport Corporation

structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended solely for the information of the board of directors, executive committee, management and the Louisiana State Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

*Ratneson, Bailey & McClelland, LLP*

August 22, 2001